



Senate

General Assembly

File No. 476

January Session, 2017

Substitute Senate Bill No. 966

Senate, April 6, 2017

The Committee on Commerce reported through SEN. HARTLEY, J. of the 15th Dist. and SEN. FRANTZ, L. of the 36th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING ECONOMIC DEVELOPMENT PROGRAMS
ADMINISTERED BY THE DEPARTMENT OF ECONOMIC AND
COMMUNITY DEVELOPMENT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 32-41 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2017*):

4 (d) On or before September 1, 2013, January 1, 2014, September 1,
5 2014, January 1, 2015, September 1, 2015, January 1, 2016, September 1,
6 2016, January 1, 2017, September 1, 2017, January 1, 2018, September 1,
7 2018, January 1, 2019, and September 1, 2019, the Commissioner of
8 Economic and Community Development shall report in accordance
9 with the provisions of section 11-4a to the joint standing committees of
10 the General Assembly having cognizance of matters relating to
11 commerce and finance, revenue and bonding on (1) the projects
12 funded through the first five plus program, (2) the number of jobs

13 created, [and] (3) the net rate of return to the state for the entire
14 portfolio of the program, taking into account all loans that have been
15 forgiven and all tax credits that have been allowed in accordance with
16 this section, (4) the impact on the economy of this state, and (5) based
17 on such information, recommendations for any modifications to the
18 program, including, but not limited to, whether the program should
19 continue. Not later than February 1, 2019, said joint standing
20 committees shall convene a joint public hearing on the most recent
21 report submitted by the commissioner pursuant to this section.

22 Sec. 2. Subsection (q) of section 32-9t of the general statutes is
23 repealed and the following is substituted in lieu thereof (*Effective*
24 *October 1, 2017*):

25 (q) (1) (A) Any tax credits approved under this section that would
26 constitute in excess of twenty million dollars but less than thirty
27 million dollars in total for a single investment shall be submitted by
28 the Commissioner of Economic and Community Development to the
29 joint standing committee of the General Assembly having cognizance
30 of matters relating to finance, revenue and bonding prior to the
31 issuance of a certificate of eligibility for such investment. Said
32 committee shall have thirty days from the date such project is
33 submitted to convene a meeting to recommend approval or
34 disapproval of such investment. If such submittal is withdrawn,
35 altered, amended or otherwise changed, and resubmitted, said
36 committee shall have thirty days from the date of such resubmittal to
37 convene a meeting to recommend approval or disapproval of such
38 investment. If said committee does not act on a submittal or
39 resubmittal, as the case may be, within that time, the investment shall
40 be deemed to be approved by said committee.

41 [(2)] (B) While the General Assembly is in session, the House of
42 Representatives or the Senate, or both, may meet not later than thirty
43 days following the date said committee makes a recommendation
44 pursuant to [subdivision (1) of this subsection] subparagraph (A) of
45 this subdivision. If such submission is not disapproved by the House

46 of Representatives or the Senate, or both, within such time, the
47 commissioner may issue such certificate.

48 [(3)] (C) While the General Assembly is not in regular session, the
49 House of Representatives or the Senate, or both, may meet not later
50 than thirty days following the date said committee makes a
51 recommendation pursuant to [subdivision (1) of this subsection]
52 subparagraph (A) of this subdivision. If such submission is not
53 disapproved by the House of Representatives, the Senate, or both,
54 within such time, the commissioner may issue such certificate.

55 (2) (A) Any tax credits approved under this section that would
56 constitute in excess of thirty million dollars in total for a single
57 investment shall be submitted by the Commissioner of Economic and
58 Community Development to the joint standing committee of the
59 General Assembly having cognizance of matters relating to finance,
60 revenue and bonding prior to the issuance of a certificate of eligibility
61 for such investment, except if such submittal is made when the
62 General Assembly is not in regular session, it shall be deemed to be
63 submitted on the first day of the next regular session. Said committee
64 shall have thirty days from the date such project is submitted to
65 convene a meeting to recommend approval or disapproval of such
66 investment, provided if the regular session adjourns prior to such
67 thirtieth day and the submission has not been acted upon, said
68 committee may meet not later than thirty days following the first day
69 of the next regular session to recommend such approval or
70 disapproval. If such submittal is withdrawn, altered, amended or
71 otherwise changed and resubmitted, said committee shall have thirty
72 days from the date of such resubmittal to convene a meeting to
73 recommend approval or disapproval of such investment. If said
74 committee does not act on such submittal or resubmittal within such
75 time, the investment shall be deemed to be disapproved by said
76 committee.

77 (B) The House of Representatives and the Senate may meet not later
78 than thirty days after the date said committee makes a

79 recommendation pursuant to subparagraph (A) of this subdivision. If
80 such submission is approved by both the House of Representatives
81 and the Senate within such time, the commissioner may issue such
82 certificate. If the regular session adjourns prior to such thirtieth day
83 and the submission was not acted upon, the House of Representatives
84 and the Senate may meet not later than thirty days following the first
85 day of the next regular session to approve or disapprove such
86 submission, and if such submission is approved by both the House of
87 Representatives and the Senate within such thirty-day period, the
88 commissioner may issue such certificate.

89 Sec. 3. Section 32-7g of the general statutes is repealed and the
90 following is substituted in lieu thereof (*Effective October 1, 2017*):

91 (a) There is established within the Department of Economic and
92 Community Development the Small Business Express program. Said
93 program shall provide small businesses with various forms of financial
94 assistance, using a streamlined application process to expedite the
95 delivery of such assistance. The Commissioner of Economic and
96 Community Development, at his or her discretion, may partner with
97 the lenders in the Connecticut Credit Consortium, established
98 pursuant to section 32-9yy, in order to fulfill the requirements of this
99 section. A small business eligible for assistance through said program
100 shall (1) employ, on at least fifty per cent of its working days during
101 the preceding twelve months, not more than one hundred employees,
102 (2) have operations in Connecticut, (3) have been registered to conduct
103 business for not less than twelve months, and (4) be in good standing
104 with the payment of all state and local taxes and with all state agencies.

105 (b) The Small Business Express program shall consist of various
106 components, including (1) a revolving loan fund, as described in
107 subsection (d) of this section, to support small business growth, (2) a
108 job creation incentive component, as described in subsection (e) of this
109 section, to support hiring, (3) a matching grant component, as
110 described in subsection (f) of this section, to provide capital to small
111 businesses that can match the state grant amount, [and] (4) not more

112 than two minority business revolving loan funds, as described in
113 subsection (g) of this section, to support the growth of minority-owned
114 businesses, and (5) a component established in consultation with
115 representatives with Connecticut-based banks and a banking industry
116 association, as described in subsection (h) of this section. The
117 Commissioner of Economic and Community Development shall work
118 with eligible small business applicants to provide a package of
119 assistance using the financial assistance provided by the Small
120 Business Express program and may refer small business applicants to
121 the Subsidized Training and Employment program established
122 pursuant to section 31-3pp and any other appropriate state program.
123 Notwithstanding the provisions of section 32-5a regarding relocation
124 limits, the department may require, as a condition of receiving
125 financial assistance pursuant to this section, that a small business
126 receiving such assistance shall not relocate, as defined in section 32-5a,
127 for five years after receiving such assistance or during the term of the
128 loan, whichever is longer. All other conditions and penalties imposed
129 pursuant to section 32-5a shall continue to apply to such small
130 business.

131 (c) The commissioner shall establish a streamlined application
132 process for the Small Business Express program. The small business
133 applicant may receive assistance pursuant to said program not later
134 than thirty days after submitting a completed application to the
135 department. Any small business meeting the eligibility criteria in
136 subsection (a) of this section may apply to said program. The
137 commissioner shall give priority for available funding to small
138 businesses creating jobs and may give priority for available funding to
139 (1) economic base industries, as defined in subsection (d) of section 32-
140 222, including, but not limited to, those in the fields of precision
141 manufacturing, business services, green and sustainable technology,
142 bioscience and information technology, (2) businesses attempting to
143 export their products or services to foreign markets, and (3) businesses
144 located in designated innovation places, as defined in section 32-39j.

145 (d) (1) There is established as part of the Small Business Express

146 program a revolving loan fund to provide loans to eligible small
147 businesses. Such loans shall be used for acquisition or purchase of
148 machinery and equipment, construction or leasehold improvements,
149 relocation expenses, working capital, which may be used for payment
150 of rent, or other business-related expenses, as authorized by the
151 commissioner.

152 (2) Loans from the revolving loan fund may be in amounts from ten
153 thousand dollars to a maximum of one hundred thousand dollars,
154 shall carry a maximum repayment rate of four per cent and shall be for
155 a term of not more than ten years. The department shall review and
156 approve loan terms, conditions and collateral requirements in a
157 manner that prioritizes job growth and retention.

158 (3) Any eligible small business meeting the eligibility criteria in
159 subsection (a) of this section may apply for assistance from the
160 revolving loan fund, but the commissioner shall give priority to
161 applicants that, as part of their business plan, are creating new jobs
162 that will be maintained for not less than twelve consecutive months.

163 (e) (1) There is established as part of the Small Business Express
164 program a job creation incentive component to provide loans for job
165 creation to small businesses meeting the eligibility criteria in
166 subsection (a) of this section, with the option of loan forgiveness based
167 on the maintenance of an increased number of jobs for not less than
168 twelve consecutive months. Such loans may be used for training,
169 marketing, working capital, which may be used for payment of rent, or
170 other expenses, as approved by the commissioner, that support job
171 creation.

172 (2) Loans under the job creation incentive component may be in
173 amounts from ten thousand dollars to a maximum of three hundred
174 thousand dollars, shall carry a maximum repayment rate of four per
175 cent and shall be for a term of not more than ten years. Payments on
176 such loans may be deferred, and all or part of such loan may be
177 forgiven, based upon the commissioner's assessment of the small
178 business's attainment of job creation goals. The department shall

179 review and approve loan terms, conditions and collateral requirements
180 in a manner that prioritizes job creation.

181 (f) (1) There is established as part of the Small Business Express
182 program a matching grant component to provide grants for capital to
183 small businesses meeting the eligibility criteria in subsection (a) of this
184 section. Such small businesses shall match any state funds awarded
185 under this program. Grant funds may be used for ongoing or new
186 training, working capital, which may be used for payment of rent,
187 acquisition or purchase of machinery and equipment, construction or
188 leasehold improvements, relocation within the state or other business-
189 related expenses authorized by the commissioner.

190 (2) Matching grants provided under the matching grant component
191 may be in amounts from ten thousand dollars to a maximum of one
192 hundred thousand dollars. The commissioner shall prioritize
193 applicants for matching grants based upon the likelihood that such
194 grants will assist applicants in maintaining job growth.

195 (3) The commissioner may waive the matching requirement for
196 grants under this subsection for working capital to small businesses
197 located within distressed municipalities, as defined in section 32-9p.

198 (g) (1) There are established as part of the Small Business Express
199 program not more than two revolving loan funds to provide loans to
200 eligible small businesses that are owned by one or more members of a
201 minority. As used in this subsection, (A) "minority business
202 development entity" means a nonprofit organization (i) having a
203 lending portfolio on or before June 9, 2016, from which at least
204 seventy-five per cent of lending is provided to minority-owned
205 businesses state-wide; and (ii) that provided technical assistance on or
206 before June 9, 2016, provided at least seventy-five per cent of such
207 assistance was provided to minority-owned businesses state-wide; and
208 (B) "minority" means (i) Black Americans, including all persons having
209 origins in any of the Black African racial groups not of Hispanic origin;
210 (ii) Hispanic Americans, including all persons of Mexican, Puerto
211 Rican, Cuban, Central or South American, or other Spanish culture or

212 origin, regardless of race; (iii) all persons having origins in the Iberian
213 Peninsula, including Portugal, regardless of race; (iv) women; (v)
214 Asian Pacific Americans and Pacific islanders; or (vi) American Indians
215 and persons having origins in any of the original peoples of North
216 America and maintaining identifiable tribal affiliations through
217 membership and participation or community identification.

218 (2) Notwithstanding the provisions of section 32-7h, the
219 commissioner shall allocate from the available funding under the
220 Small Business Express program a total of five million dollars for
221 grants-in-aid to not more than two minority business development
222 entities in each of the fiscal years ending June 30, 2016, to June 30, 2020,
223 inclusive, for the purpose of establishing and administering minority
224 business revolving loan funds. Moneys from such funds shall be used
225 to (A) provide loans to eligible small businesses, and (B) fund the
226 administrative costs associated with the provision of such loans by a
227 minority business development entity, provided a minority business
228 development entity may not use more than ten per cent of the amount
229 received as a grant under this section to fund such costs. Such loans
230 shall be used for acquisition or purchase of machinery and equipment,
231 construction or leasehold improvements, relocation expenses, working
232 capital, which may be used for payment of rent, or other business-
233 related expenses, as authorized by the minority business development
234 entity.

235 (3) Loans from a minority business revolving loan fund may be in
236 amounts from ten thousand dollars to a maximum of one hundred
237 thousand dollars, shall carry a maximum repayment rate of four per
238 cent and shall be for a term of not more than ten years. The minority
239 business development entity shall review and approve loan terms,
240 conditions and collateral requirements in a manner that prioritizes job
241 growth and retention.

242 (4) Any eligible small business owned by one or more members of a
243 minority may apply for assistance from a minority business revolving
244 loan fund, provided the minority business development entity shall

245 give priority to applicants that, as part of their business plan, are
246 creating new jobs that will be maintained for not less than twelve
247 consecutive months.

248 (5) Loans from a minority business revolving fund shall be provided
249 in such a manner that, on or before five years after the date such loan
250 fund is established, the annual funds or revenues derived from
251 investment income, loan repayments or any other sources received by
252 the minority business development entity in connection with such loan
253 fund is sufficient to fund the administrative costs associated with such
254 loan fund.

255 (6) A minority business development entity receiving a grant
256 pursuant to this subsection shall annually submit to the commissioner
257 a financial audit of grant expenditures until all grant moneys have
258 been expended by such entity. Any such audit shall be prepared by an
259 independent auditor and if the commissioner finds that any such grant
260 is used for purposes that are not in conformity with uses set forth in
261 subdivisions (2) and (3) of this subsection, the commissioner may
262 require repayment of such grant.

263 (h) The commissioner, in consultation with representatives from
264 Connecticut-based banks and a banking industry association, may
265 establish as part of the Small Business Express program a component
266 operated in collaboration with Connecticut-based banks, which may
267 include, but need not be limited to, loan guarantees, short-term loans
268 used as a bridge to private sector financing and the transfer of loans
269 issued under subsection (d) or (e) of this section. Any loans issued
270 under such component shall be used for acquisition or purchase of
271 machinery and equipment, construction or leasehold improvements,
272 relocation expenses, working capital, which may be used for payment
273 of rent, or other business-related expenses, as authorized by the
274 commissioner. The provisions of subsections (d) to (g), inclusive, of
275 this section shall not be construed to apply to such component. Such
276 component shall be administered by the Department of Economic and
277 Community Development. Notwithstanding the provisions of section

278 32-7h, the commissioner may allocate not more than ten per cent of
 279 available funding under the Small Business Express program to such
 280 component. For purposes of this section, "Connecticut-based banks"
 281 means banks and out-of-state banks, each as defined in section 36a-2,
 282 having deposit-taking branches in the state.

283 [(h)] (i) Not later than June 30, 2012, and every six months
 284 thereafter, the commissioner shall provide a report, in accordance with
 285 the provisions of section 11-4a, to the joint standing committees of the
 286 General Assembly having cognizance of matters relating to finance,
 287 revenue and bonding, appropriations, commerce and labor. Such
 288 report shall include available data on (1) the number of small
 289 businesses that applied to the Small Business Express program, (2) the
 290 number of small businesses that received assistance under said
 291 program and the general categories of such businesses, (3) the amounts
 292 and types of assistance provided, (4) the total number of jobs on the
 293 date of application and the number proposed to be created or retained,
 294 and (5) the most recent employment figures of the small businesses
 295 receiving assistance. The contents of such report shall also be included
 296 in the department's annual report.

297 Sec. 4. (*Effective October 1, 2017*) The Commissioner of Economic and
 298 Community Development shall include in the annual report due not
 299 later than February 1, 2018, under section 32-1m of the general statutes:
 300 (1) A description of any program established pursuant to subsection
 301 (h) of section 32-7g of the general statutes, as amended by this act; and
 302 (2) the number of and extent to which Connecticut-based banks, as
 303 defined in said subsection, were consulted by the commissioner in the
 304 development of such fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	32-4l(d)
Sec. 2	<i>October 1, 2017</i>	32-9t(q)
Sec. 3	<i>October 1, 2017</i>	32-7g
Sec. 4	<i>October 1, 2017</i>	New section

CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Department of Revenue Services	GF - Potential Preclusion of Revenue Loss	None	None
Treasurer, Debt Serv.	GF - Acceleration of Debt Service Costs	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes which result in the fiscal impacts listed by section below.

Section 1 has no fiscal impact by requiring the Department of Economic and Community Development (DECD) to provide additional information regarding the First Five program in its biennial report to the committees of cognizance. It is anticipated that DECD, having analyzed each First Five company for selection into the program, may be able to collect and report the required information without additional resources.

Section 2 of the bill may potentially preclude a revenue loss in the outyears by requiring affirmative actions from the Finance, Revenue, and Bonding Committees as well as both the House and Senate on projects requesting over \$30 million in Urban and Industrial Sites Reinvestment (URA) tax credits. In the event that affirmative actions are taken by all three bodies, there is no fiscal impact. However, no

action from any of the three bodies results in a tacit disapproval of the project and thus a revenue loss would be precluded.

Under current law, no action from the three bodies results in tacit approval of projects requesting over \$20 million in URA tax credits.

Any revenue impact would occur in the outyears as URA tax credits are dispersed to a recipient over a ten-year period with the first disbursement occurring in year four.

Section 3 modifies the Small Business Express (EXP) program by allowing a new component of the program to be operated in collaboration with Connecticut-based banks to provide financial assistance in collaboration with private lenders.

The bill however does not change General Obligation (GO) bond authorizations relevant to the program.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that the bill causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

The EXP program is funded through GO bond funds. The program has been authorized for \$340 million in net bond funds since its inception in 2011.¹ As of April 5th, the unallocated bond balance available to the program is \$82.8 million.

Section 4 has no fiscal impact by requiring DECD to include certain information regarding the proposed new component of EXP in its annual report.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

¹ This includes (1) an earmarked authorization under the Manufacturing Assistance Act for EXP established by PA 13-2 and (2) a cancellation of \$20 million under PA 16-4 MSS.

OLR Bill Analysis**sSB 966*****AN ACT CONCERNING ECONOMIC DEVELOPMENT PROGRAMS ADMINISTERED BY THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT.*****SUMMARY**

This bill makes changes affecting the legislative oversight of two Department of Economic and Community Development (DECD) programs and expands DECD's Small Business Express Program (EXP).

It expands legislative oversight of DECD's First Five Plus Program by (1) requiring DECD to include more information about the program's economic benefits in its biennial report, beginning with the report due September 1, 2017, to the Commerce and Finance Committees and (2) directing the committees to hold a joint hearing on the report by February 1, 2019. The program provides financial assistance and tax credits for business development projects that can meet the law's job creation and capital investment requirements.

The bill changes the requirements and conditions for legislative approval of projects that request over \$30 million in Urban and Industrial Sites Reinvestment tax credits, which are available to developers for developing, expanding, or rehabilitating facilities. Among other things, the bill requires the legislature's affirmative approval before the DECD commissioner can approve credits for these projects. Under current law, she can approve credits for any project requesting over \$ 20 million in credits if the legislature approves the project or takes no action on it (i.e., tacit approval).

Lastly, the bill expands EXP, which provides grants, loans, and other forms of financial assistance to eligible businesses with fewer

than 100 employees. It allows the DECD commissioner to collaborate with Connecticut-based banks and a banking industry association on increasing financial assistance for small businesses, including selling EXP loans to collaborating private lenders. The bill also specifies that EXP borrowers can use the proceeds of a working capital loan to pay rents.

EFFECTIVE DATE: October 1, 2017, except the changes to the First Five Plus Program take effect July 1, 2017.

§1 — FIRST FIVE PLUS PROGRAM

The bill expands legislative oversight of the First Five Plus Program by (1) requiring DECD to provide more information in its biennial report to the Commerce and Finance committees and (2) directing the committees to hold a joint hearing on the report. DECD must add to its report an analysis of the net rate of return to the state for all projects under the program, including the value of tax credits and forgiven loans.

The bill requires the DECD commissioner to use the net rate of return analysis and the other information current law requires her to include in the report (e.g., number of jobs created) to make recommendations in the report for any modifications to the program, including whether the legislature should continue it.

The first report with the net rate of return analysis is due September 1, 2017. The other reports are due January 1, 2018, September 1, 2018, January 1, 2019, and September 1, 2019. Under existing law, the program terminates June 30, 2019, unless the legislature extends or eliminates this sunset date.

The bill requires the Commerce and Finance, Revenue and Bonding committees to hold a joint hearing on the first report with the net rate of return analysis by February 1, 2019.

§2 — LEGISLATIVE APPROVAL REQUIREMENTS FOR URBAN AND INDUSTRIAL SITES REINVESTMENT TAX CREDITS

Under current law, projects requesting over \$20 million in Urban and Industrial Sites Reinvestment tax credits require legislative review and approval. The bill changes these requirements for projects requesting over \$30 million in credits, thus creating two categories of projects requiring legislative review and approval.

Projects Requesting Between \$20 million and \$30 million in Tax Credits

Current law requires a two-step process for legislative review and approval that includes tacit approval when action is not taken within a specified timeframe, regardless of whether the legislature is in session.

The process requires the DECD commissioner to submit a project requesting over \$20 million in credits to the Finance, Revenue and Bonding Committee for approval. The committee has 30 days from the submission date to act on the project. If the committee does not act within this time, it tacitly approves the project.

The House and Senate then have 30 days from the committee's decision to act on the project. If neither chamber acts on the project, the commissioner may approve the credits, which she does by issuing an eligibility certificate.

Current law applies this process to all projects requesting over \$20 million in tax credits. The bill limits this process to projects requesting between \$20 million and \$30 million in credits.

Projects Requesting over \$30 million in Tax Credits

The bill retains the two-step process for projects requesting over \$30 million in credits but changes the conditions and requirements for legislative approval, including limiting the legislature's authority to act only when it is in regular session.

Finance Committee. Under the bill, if the commissioner submits a project requesting over \$30 million in credits when the legislature is not in regular session, its submission date is the first date of the regular session. As under current law, the Finance Committee has 30 days

from the submission date to act on the project. If the legislature adjourns before the 30-day period ends and the committee has not yet acted on the project, the committee has 30 days from the start of the next regular session to act on it. As under current law, in both circumstances, if the commissioner withdraws, alters, amends, or changes the project proposal and subsequently resubmits it, the committee has up to 30 days from the resubmission date to act on the project.

The bill also changes the approval requirements. If the committee does not act on the project within the 30-day period, it tacitly disapproves the project. In other words, the committee must meet and approve all projects requesting over \$30 million in credits before the project can move forward.

House and Senate Action. The bill makes similar changes to the requirements for House and Senate approval. As under current law, the House and Senate have up to 30 days from the Finance Committee's action. Under the bill, if the legislature adjourns before the committee acts, the House and Senate have up to 30 days from the start of the next regular session to approve or disapprove the project.

Under the bill, the commissioner may issue an eligibility certificate only if the House and Senate approve the project within the 30-day period. She may not do so if one or both chambers take no action on the project or, as under current law, at least one of the chambers votes to disapprove the project.

EXP-PRIVATE LENDER COLLABORATION

The bill allows the DECD commissioner to establish a new component to EXP, which currently provides loans and grants to small businesses under an expedited application process. It allows DECD to do so in consultation with Connecticut-based banks and a banking industry association. Such banks include out-of-state banks that have branches in Connecticut for taking deposits. The new component may have lending limits and terms, matching fund requirements, and other

conditions that are different from the ones for EXP's other components.

DECD must operate the component in collaboration with the Connecticut-based banks. The component must provide financial assistance in collaboration with private lenders. The assistance may include loan guarantees and short-term loans businesses need to secure private financing (i.e., bridge loans). Borrowers may use the financing available under this program only for purchasing machinery and equipment, constructing facilities or making leasehold improvements, covering relocation and working capital costs, paying rents, or covering other business related expenses the commissioner authorizes.

DECD may allocate up to 10% of EXP's funds to cover the component's administrative costs. Current law limits the use of the funds for this purpose to 5%. DECD may adopt different principal and interest requirements than those required under current law, which requires these payments to be credited to EXP's account.

The component may also include an arrangement under which DECD may transfer EXP loans to private lenders and, in the process, replenish the program's loan funds.

The bill requires the commissioner, by February 1, 2018, to include in her annual report to the governor and legislature (1) a description of the new component under the bill and (2) the number of Connecticut-based banks she consulted with and the extent to which she did so.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 20 Nay 1 (03/21/2017)